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The Food Stamp Program and Food Insufficiency

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The Food Stamp

Program is the most critical component of the safety net against hunger, but how effective are food stamps in providing the basic protection? A cursory view indicates that food stamp recipients have higher food-insufficiency rates than eligible non-recipients, even after controlling for other factors.

In this paper, the authors conjecture that this counterintuitive result is due to adverse selection because households more likely to participate in the program are also more likely, a priori, to be food insufficient. To portray this adverse selection, the authors use a simultaneous equation model with data from the Survey of Income and Program Participation (SIPP), a nationally representative survey. The authors find that once one controls for adverse selection, food stamp recipients are no more likely than eligible non-recipients to be food insufficient. They also find that the methods used by the USDA to encourage participation are indeed increasing participation rates.

